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SUPPLEMENT TO  
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1. The research and development department of each VVB Hauptdirektion is responsible for forwarding research and development plans for any enterprise in that VVB to the competent Ministry or State Secretariat. The plan is processed in the research and development department of the Ministry or State Secretariat; it is then forwarded, with comments, to the Zentralamt für Forschung und Technik (ZAFTE). In this manner, ZAFTE receives all developmental projects from all branches of nationalized industry. Laboratories and Institutes attached to the Academy of Sciences and DDR universities also send their projects to ZAFTE for processing and approval in the appropriate Fachgebiet.\*
2. On the basis of the project material thus collected, ZAFTE issues directives covering the entire field of nationalized industry and academic research and development. These directives are issued by the Wissenschaftlich-Technischer Beirat (Scientific-Technical Council) of ZAFTE which consists of ZAFTE and Ministerial personnel together with selected experts from industry and the field of science.
3. The Council convenes twice a year; one session takes place before 10 June and issues directives for the following year. The meeting in early winter confirms or amends the year's directives. One Council meeting does not cover all special fields. Instead, one meeting deals with a specific subject; it is attended by the expert or experts from the special field (Fachgebiet) concerned. Ten to 11 people usually are at a meeting, including the chief of the ZAFTE Fachgebiet who presides.
4. Projects proposed by industries and the ministries are supposed to be within the limit of funds which have been earmarked by the State Planning Commission ahead of time. Funds are allocated within the Five Year Plan framework. This limitation, however, is not enforced strictly. In 1951 and 1952, funds originally allotted for research and development were increased at the start of the fiscal year.
5. ZAFTE must make a complete plan, including financial allocations for each field of research. The individual projects have to be divided among various industries, laboratories, and institutes. ZAFTE also designates the personnel responsible for each project. Allocations and designations

- at the working level are made by the chief of each special field in cooperation with an official from the responsible Ministry or State Secretariat.
6. The Fachgebiet chief forwards his completed plan to Hans Wittbrodt, chief of ZFT's Hauptabteilung Forschung und Entwicklung. This office draws up a consolidated research and development plan for all of ZFT and passes it on to the office of chief of the organization.
  7. The final DDR plan is compiled by this office (formerly Lange's) after the winter sessions of the Scientific-Technical Council have made changes in the scheme and after the chief of ZFT has obtained unofficial Russian approval.
  8. The former chief of ZFT, Dr. Werner Lange, carried on secret negotiations on the completed plan with the Russians in early winter. The conversations lasted several days, during which Lange spent most of his time at Karlshorst and Berlin-Weissensee. At Karlshorst, he dealt with a research and development office in which (fnu) Postnikov and (fnu) Chomyakov were the key figures. At the USIG office, Lange dealt with (fnu) Levien and (fnu) Yeryomin.\*\*
  9. The Russians did not cancel any DDR projects, but rather added some of their own. In 1951, the Russians introduced a project concerning the separation of inert gases in highly pure form. In 1952, the Russians presented a request for research on germanium. Such Russian projects do not differ in form from the normal DDR projects and their origin cannot be readily identified.
  10. Following Russian approval, the final plan is endorsed by the chief of the State Planning Commission and returned to the head of ZFT who forwards it to Hauptabteilung Forschung und Entwicklung. The approved projects are then distributed to the various Fachgebiete which, in turn, forward the plan to the research and development section of the competent Ministry or State Secretariat. Thence the plan is passed on to the main administration of the VVB concerned. The project finally is transmitted to the individual enterprise which is responsible for the actual work.
  11. ZFT also forwards notification of the project to the Investitionsbank. This announcement includes the number of the project and the funds allocated to it, but not the character of the research. The Investitionsbank puts the designated funds at the disposal of the enterprise responsible for the work. Unless otherwise stipulated, money is made available in twelve equal, monthly installments. If the project calls for a substantial initial outlay, half of the funds may be made available in the first installment payment. The Investitionsbank must account monthly to ZFT for the amount of money made available for the project and the amount actually used. The ratio of the two sums is called the "financial fulfillment" of the plan. Quarterly reports are also sent from the Bank to ZFT.
  12. In assuming responsibility for the progress of individual projects, the chiefs of the various Fachgebiete frequently travel to the place where the research is being done. They report on these inspections in travel reports (Reiseberichte) which go to the chief of ZFT. Fachgebiet heads are also responsible for making suggestions on the exploitation of the projects to the ZFT chief; he, in turn, forwards the suggestions to the Ministry or State Secretariat concerned.
  13. In 1951, ZFT handled about 7,300 projects. Of these, 16 percent had been successfully completed in 1951 or by May 1952. The 1952 figure is about 7,500 projects. Financial fulfillment of the plan is almost always very low in the first quarter of the year since material and equipment are not immediately available. During the course of the year, however, the situation gradually improves. The average financial fulfillment for the first quarter of 1951 was 8.5 percent. The total 1951 figure, however, computed from the quotas of all Fachgebiete, averaged 78 percent. Fachgebiet Kohle und Energie held the 1951 record with 88 percent fulfillment.

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14. The percentage figures above show that all the funds allocated for 1951 projects were not spent; forty million DM East were indeed returned to the State Planning Commission at the end of the year. A similar situation has arisen in 1952. In February 1952, the year's research fund was increased to 170 million DM East, or 42.5 million per quarter. During the first quarter of 1952, financial fulfillment averaged only 6.3 percent. Heinrich Rau, former chairman of the State Planning Commission, demanded an explanation from Dr. Lange in May 1952.
15. The following funds are known to have been allocated to the specified Fachgebiete for 1952 and 1953. As indicated above however, these amounts are probably subject to change.

Fachgebiet	Millions of DM East allocated in	
	1952	1953
Kohle und Energie	2.8	5
Metallurgie	6	11
Chemie, Steine und Erden	16	21

16. The lowest financial fulfillment quotas consistently are those recorded by institutes and laboratories attached to the Academy of Sciences and to universities.

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25X1A [REDACTED] Comment: It was formerly reported that Yeryomin was in the research and technical section of the Russian planning service in Karlshorst. [REDACTED]

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